



# **Sustainable Alamance**

## **An Economic Impact Study**

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## **Executive Summary**

Students in the service-learning designated Economics of Poverty Class at Elon University were tasked with creating an economic impact report for Sustainable Alamance in 2014. In the Fall of 2017 Elon Students updated the report. This study conducts a thorough cost-benefit analysis for Sustainable Alamance to provide data-driven evidence of the worth of the organization to the community of Burlington, NC. Sustainable Alamance helps rehabilitate ex-offenders, providing them with the skills and desire necessary to rejoin the community. As such, the main benefits come in the form of taxes paid on wage earnings and the savings incurred due to the dramatic decrease in recidivism rates. We estimate that Sustainable Alamance created at least \$5 million in benefits to Alamance County since 2014.

In addition, an increase in child support payments has a multitude of benefits that are difficult to place a dollar value on, such as an increased performance in schooling coming from a decrease in food insecurity. We were able to find that there has been a direct benefit of \$11,100 in annual child care payments. Sustainable Alamance has a modest cost structure, and as such this report demonstrates that the benefits to society have continued to far outweighed the costs since the 2014 report. This impact report can be used to help Sustainable Alamance continue to grow and fight poverty in Alamance County.

All data and details of calculations are available upon request from Phil Bowers.

## History

Sustainable Alamance was founded in 2008 when Phil Bowers, founder and Executive Director, came to fully understand the overwhelming challenges encountered by former offenders in their efforts to live responsibly outside the prison walls. Faced simultaneously with exclusion from the normal hiring process due to criminal records, and with urgent demands to pay probation fees, child support, restitution and court costs simply to stay out of prison, former offenders were caught in a bewildering maze which often led right back to incarceration, either through failure to pay or crimes committed in the attempt to secure funds.

Phil Bowers envisioned a better alternative and in 2008 began to personally connect with former offenders, build genuine relationships, and create opportunities to earn legitimate income for those committed to positive change. Establishing a presence at 537 South Ireland St. in Burlington, Rev. Bowers instituted a regular Wednesday night meeting open to all former offenders interested in learning life skills and taking responsibility for their actions.

Sustainable Alamance, believes that “we can ‘give a man a fish’ (charity), and even ‘teach a man to fish’ (grace and mercy), but we must also ensure access to the lake (justice)”.

Through 2017, (the period covered in this study) Sustainable Alamance helped place 61 men and women, with criminal histories, into full employment. Out of the 61, only 6 returned to prison; an 9.84% recidivism rate.

Mr. Bowers graduated with a degree in Textile Chemistry from Georgia Tech. He also completed the Advanced Management Program at Duke University’s Fuqua School of Business. He is an ordained Minister and holds a Master of Ministry degree from Jacksonville Theological Seminary.

Mr. Bowers professional experience spans more than three decades with a broad base in manufacturing, sales and marketing with U.S and international companies. Over the course of his career, Phil has successfully built and led sales and marketing teams in some of the toughest markets in the United States. Phil has also served as a representative on international business teams, and his sales and technical responsibilities have taken him to markets as diverse as Mexico, Japan and Brazil.

# Economic Impact Report of Sustainable Alamance

## *Methodology*

This economic impact reports looks to update the original study posted in 2014, covering the eight years of Sustainable Alamance. We determined the direct impact Sustainable Alamance has on the economy by calculating the amount of taxes paid and money spent in Alamance County by those who work with Sustainable Alamance and the taxpayer savings associated with a decrease in criminal activity. This report, we also implemented the impact that comes from the secondary actions of individuals, the main one being child support payments.

We compare outcomes of the individuals who have worked with Sustainable Alamance to measurable outcomes of a similar population of individuals on both a state and national scale. Through this report we focus on the costs within North Carolina, to most accurately calculate the savings Sustainable Alamance has provided to the community.

## *Wages Earned and Taxes Paid*

Taxsim is a National Bureau of Economic Research program that is used to calculate possible taxes paid by an individual or a group of individuals.<sup>1</sup> We received weekly and annual salaries for 61 of the individuals who were registered with Sustainable Alamance in 2017. Of those people, 35 individuals were receiving a steady income. That does not include four individuals who were making a wage but had since gone back to prison or passed away.<sup>2</sup> The total yearly wage of the 35 employed people comes to \$928,200. This is an increase of \$320,025 from the 2014 report, an increase of over 50%. Using the standard deduction on the Taxsim program that amount of money paid in state and federal taxes for this group comes to a conservative estimate of \$177,811.80. The \$177,811.80 is a direct benefit.

This leaves \$750,338 left after taxes that will be spent within community. This is an increase of \$596,833 since 2014. This money will benefit other members of the Alamance community because it will be spread throughout the different businesses that the individuals will use in day to day life. Using a conservative multiplier of 40% we can see how this money grows in the community<sup>3</sup>. The total benefit comes to an additional \$300,155. If we add up the total amount paid in taxes, amount left after taxes, and the multiplier we get:  
 $\$177,811.80 + \$750,388.00 + \$300,155 = \$1,228,350$ .

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<sup>1</sup> <http://users.nber.org/~taxsim/taxsim-calc9/index.html>

<sup>2</sup> 3 people who were had jobs returned to prison and 1 passed away. If their incomes were included the total income rises to \$1,028,040 and the taxes paid rises to \$191,726.80

<sup>3</sup> [http://aces.nmsu.edu/pubs/\\_z/Z108/](http://aces.nmsu.edu/pubs/_z/Z108/)

Since the 2014 report Sustainable Alamance has experienced steady growth. We can estimate this growth as shown in the tables below.

Year	
2014	\$790,023.00
2015	\$936,132.00
2016	\$1,082,241
2017	\$1,228,350
Total	\$4,036,746

Year	
2010	\$158,004.60
2011	\$316,009.20
2012	\$474,013.80
2013	\$632,018.40
2014	\$790,023.00
Total	\$2,370,069

### *Arrests and Incarcerations*

In the last eight years, Sustainable Alamance has worked with 61 individuals to help them assimilate back into the Economy. Of these individuals, only 6 have gone back into the prison system, for a recidivism rate of 9.84%. In studies conducted to follow the success of released individuals, North Carolina found a two year recidivism rate of 45%<sup>4</sup>, while on a national scale the eight year recidivism rate found 49.3%.<sup>5</sup> In Sustainable Alamance, the average time outside of prison is about 5 years. At a national scale, this recidivism is 42.10%, making Sustainable Alamance's average recidivism rate 76.63% below the national average.

In the 2014 record, Alamance County calculated a five year recidivism rate of 40% with 1,247 of 3,134 individuals re-entering the prison system at least once, with the total number of arrests 3,115. Through this data, we can calculate that of the 61, the expected number of individuals who would've been arrested is about 24. With an average of about 2.5 arrests per individual, the estimate of total arrests would be 60 rather than 6. This means that the estimated recidivism rate is reduced by 90% through Sustainable Alamance's work.

<sup>4</sup>

[https://www.ncleg.net/documentsites/committees/JointAppropriationsJPS/2017%20Session/2017-03-09%20Recidivism%20Reentry/002\\_SPAC\\_Adult%20Recidivism\\_Presentation\\_2017\\_03\\_09.pdf](https://www.ncleg.net/documentsites/committees/JointAppropriationsJPS/2017%20Session/2017-03-09%20Recidivism%20Reentry/002_SPAC_Adult%20Recidivism_Presentation_2017_03_09.pdf)

<sup>5</sup>

[https://www.ussc.gov/sites/default/files/pdf/research-and-publications/research-publications/2016/recidivism\\_overview.pdf](https://www.ussc.gov/sites/default/files/pdf/research-and-publications/research-publications/2016/recidivism_overview.pdf)

Through the NC Court System's Office of Indigent Defense services, we were able to calculate the most recent costs on attorney fees from January 2017 until October 2017.<sup>6</sup> From this data, the average cost of public defenders was \$534<sup>7</sup>. Using the estimated total arrests of 60, it can be assumed that through Sustainable Alamance, 54 arrests were prevented, saving \$172,215.04 in public defender fees. Since 2011, the daily cost of medium custody prison has increased from \$77.30 to \$89.78.<sup>8</sup> Using the same formula from the last economic impact report, the 18 arrests that did not occur, at an average 17 months in prison, caused a direct savings of \$824,180.40.

### *Total Benefits*

This table summarizes the calculations in the previous sections.

Taxes and Spending	\$4,036,746
Public Defender Fees	\$28,836
Incarceration Costs	\$824,180.40
Total	\$4,889,762.40

### *Child Support*

Aside from putting money directly back into the economy, some individuals were able to provide child support. In 2017, it was estimated that individuals who participated in Sustainable Alamance were able to pay over \$11,000 (collectively) in child support. This dollar amount is important because mothers who do not receive child support from their children's fathers are more likely to rely on welfare to make ends meet (Nixon 1997 and Neelakantan 2009)<sup>9</sup>. In our previous Economic Impact report, we cited other literature that supported the benefit of child support including Cancian and Meyer 2014<sup>10</sup> study that explained that women who receive consistent child support are less likely to enter into an unstable relationship, which can also be

<sup>6</sup> <http://www.ncids.org/Public/Text.html>

<sup>7</sup> Note that this cost is exponentially higher than the last impact report, which focused on the median cost in the time frame of January through March 2015, while in this years impact report we used the mean cost and the time frame analyzed was January through October of 2017.

<sup>8</sup> <https://www.ncdps.gov/Adult-Corrections/Cost-of-Corrections>

<sup>9</sup> Neelakantan, Urvi. "The Impact of Changes in Child Support Policy." *Journal of Population Economics* 22, no. 3 (2009): 641-63. <http://www.jstor.org/stable/40344749>.

Nixon, Lucia A. "The Effect of Child Support Enforcement on Marital Dissolution." *The Journal of Human Resources* 32, no. 1 (1997): 159-81. doi:10.2307/146244.

<sup>10</sup> Cancian, M., Meyer, D.R., Brown, P.R. et al. *Demography* (2014) 51: 1381. <https://doi.org/10.1007/s13524-014-0307-8>

detrimental to the child in the situation. Individuals from Sustainable Alamance aren't just benefiting themselves, but also their families.

### *Similar Research & Benefits*

Our previous report looked at the California Drug and Alcohol Treatment Assessment, Gerstein et al (1994)<sup>11</sup>. This assessment found that in 1992, it cost \$209 million to take care of 150,000 people with substance addiction. In return, one year later taxpayers were able to save up to \$1.5 billion mostly because of the decrease in crime. This comes down to a net benefit of \$1.2 billion, which is about a \$8,607 return on investment for each person treated.

Homeboy Industries is an organization in California that has a similar mission as Sustainable Alamance. In Homeboy Industries' 2016 report<sup>12</sup>, it states that the organization was able to bring in over \$16 million in income. This is mainly due to their local government's support, and generous donors which allows Homeboy Industries to invest money in their social enterprises. The organization's social enterprises includes (but not limited to) a bakery, recycling program, and catering.

In Los Angeles (the city where Homeboy Industries is located), it costs \$79 a day to keep some imprisoned, and only \$3.42 a day to have somebody on work probation (Homeboy Industries)<sup>13</sup>. Numbers like there are what motivates Homeboy Industries and Sustainable Alamance to do the work that they do: to benefit individuals and their local communities.

### *Costs*

The primary costs for Sustainable Alamance are low, it is only the costs to run their facilities and staff which is small. Their income from January 2014 to October 2017 was \$423,385. This leads to a return of  $\$5,033,141.44 / \$423,385 = \$11.89$ , or for every one dollar donated there are \$11.89 of return.

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<sup>11</sup> Gerstein et al. "Users' Guides to the Medical Literature: III. How to Use an Article About a Diagnostic Test B. What Are the Results and Will They Help Me in Caring for My Patients?." *Jama* 271, no. 9 (1994): 703-707.

<sup>12</sup> Homeboy Industries' 2016 Report, [https://homeboyindustries.org/hb\\_adm/img/news-events/HB-2016-AnnualReport.pdf](https://homeboyindustries.org/hb_adm/img/news-events/HB-2016-AnnualReport.pdf)

<sup>13</sup> Homeboy Industries, <https://www.homeboyindustries.org/why-we-do-it/>

**Conclusion**

Sustainable Alamance has made a positive economic impact on Alamance County. Currently, they are helping 61 men and women who have previously been arrested. Sustainable Alamance gives people the skills necessary to obtain and keep a full-time job. This in return allows those people to contribute to the local economy, and save taxpayers money by staying out of jail. Sustainable Alamance saved taxpayers over \$5 million since 2014, creating a \$11.89 return on investment for each \$1 donated to the organization.

Sustainable Alamance has a successful model that not only helps individuals, but the local community and economy, as well.